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TAGS: [PREL](#) [PGOV](#) [PTER](#) [PARM](#) [ENRG](#) [TRGY](#) [IAEA](#) [UN](#) [IR](#) [MX](#)
SUBJECT: U.S.-MEXICO TALKS ON IAEA, DOMESTIC NUCLEAR ISSUE
CONSTRUCTIVE

Classified By: Political Minister Counselor Charles V. Barclay. Reason
: 1.4 (b),(d).

¶1. (SBU) Summary. Mexican Foreign Ministry officials meeting with the U.S. Permanent Representative to International Organizations in Vienna Ambassador Greg Schulte conveyed general support for U.S. views on challenges facing the IAEA. Mexico shares our concern about Iran's nuclear activities but prefers this issue remain before the IAEA and not the UNSC. Mexico signaled interest in U.S. sponsored initiatives including PSI and GI but reluctance about joining them inasmuch as they are not directly affiliated with the UN. Mexico suggested U.S. assistance would be key to its converting its nuclear plant in Triga to a low enrichment fuel facility. End Summary.

¶2. (U) Ambassador Paulo Macedo, the General Director of the Mexican Foreign Ministry's (SRE) Office of the United Nations led an interagency GOM meeting with Schulte on May 7 that included Aldo Flores, the General Director of the Energy Ministry's (SENER) International Relations Office, Juan Eibenschutz, the Director of the National Commission on Nuclear Commission on Nuclear Security Safeguards (CNSNS) and Raul Ortiz Magana, the Director of the National Nuclear Research Institute (ININ). Macedo also led a follow-on discussion over lunch of senior SRE officials and retired ambassadors that centered on concerns about Iran. In a separate meeting, Jesus Mao of CISEN (Mexico's intelligence agency) and the Director of the National Authority described efforts to coordinate the Mexican interagency's response to a potential terrorist threat.

Mexico's Conservative Approach

¶3. (SBU) Macedo presented a four point agenda to guide the GOM's interagency meeting with Schulte.

IAEA budget and administration -- Macedo remarked that the GOM had come to appreciate the USG dictate that UN organizations work "within existing resources" forcing the organizations to be more efficient and restrict themselves to zero real growth. Schulte conveyed appreciation for the important role Mexico plays as part of the IAEA Board of Governors. The U.S. finds the IAEA's work invaluable and is encouraging the agency to identify new economics in order to meet the expanding responsibilities imposed upon it.

Commission of Eminent Persons -- Schulte praised former Mexican President Ernesto Zedillo's leadership of the group. The U.S. welcomes good ideas but not suggestions that merely triple the budget. We would like the group to look at the IAEA's role on issues including nuclear power, regulatory structure, and nuclear safety and security. Mexico is also not keen on seeing a recommendation for budget increases. It believes the IAEA's two roles in overseeing the safe use of nuclear energy and combating proliferation need to be advanced independently.

Nuclear Fuel Supply -- Schulte made the case for creating a system with an incentive structure under IAEA auspices to encourage states to acquire nuclear fuel on the commercial market instead of pursuing indigenous enrichment capabilities. We look forward to the Russian's presenting a proposal soon that would create a mechanism to ensure access to nuclear fuel in the event of an interruption in the international market. The U.S. is prepared to put up \$50 million towards creation of a nuclear fuel bank provided that others collectively match with a \$50 million contribution. Schulte also encouraged Mexico to become a members of the Global Nuclear Energy Partnership (GNEP), the Proliferation Security Initiative (PSI), and the Global Initiative (GI) to Combat Nuclear Terrorism.

ININ's Ortiz saw virtue in principle with the U.S. proposal but worried about a few states controlling access to vital fuel requirements and stressed the need for any mechanism created to be ready to respond to emerging requirements for new reactors. Responding to the U.S. encouragement for Mexico to become a member of GNEP, PSI, and GI, SRE's Macedo and SENER's Flores conveyed some GOM suspicion of U.S. motives in creating fora outside the UN framework, fearing it signaled a lack of U.S. commitment to the IAEA or that there was a "hidden agenda." Schulte reaffirmed U.S. support for the IAEA remarking that U.S. support for new groups reflected our pragmatic effort to address challenges for which the IAEA presently lacked the mandate or appropriate structure.

Nuclear Suppliers Group -- Schulte foreshadowed the upcoming need for the IAEA Board to approve a safeguards agreement for India and an NSG decision to grant India an exception. The U.S. appreciates the frustration of many in the international

community about India's non-participation in the NPT but we believe this agreement brings its own benefits for the non-proliferation system. GOM officials conveyed serious concern about this agreement suggesting it rewards GOI non-compliance with the NPT. They also worried about tailoring an IAEA agreement in accord with the U.S. bilateral agreement with India.

Conversion of Mexico's Highly Enriched Uranium Plant -- ININ's Ortiz expressed no objection in principle to reconversion of Mexico's Triga Plant although he noted some legal aspects that could create complications -- namely a constitutional ban on the sale of Mexico's national patrimony (in this case highly enriched uranium) to another country. He said that he had no objection to the IAEA's participation in a discussion of this matter. Notwithstanding some concern about losing some technical capability in the conversion process, SENER's Flores flagged concerns about the cost of conversion and legal complications as the principal obstacles. He maintained that Mexico had the expertise to do this.

Schulte conveyed the USG desire to be helpful on this issue. He understood the U.S. was in a position to provide significant financial assistance. In view of GOM interest in discussions with the U.S. Department of Energy on this matter, we would encourage DOE consultations with key GOM players including SENER, CNSNS, and ININ. SENER's Flores said that Mexico would send a note conveying its commitment to move ahead.

Mexico Shares Frustration on Iran But Differs on Approach

14. (C) Schulte briefed both the interagency group and senior SRE officials over a follow on lunch on an IAEA investigation of Iran's nuclear activities that demonstrated Iran was clearly involved in nuclear weaponization and related activities. These findings tracked with those released recently by the U.S. intelligence community which indicated Iran had been involved in weaponization activities until 2003. Referring to the new Iranian agreement to address the "alleged studies" issue by mid-May, Schulte noted that Iran and the IAEA have agreed to a number of processes but the U.S. is more interested in results. The U.S. is

committed to a two track policy in dealing with Iran. First, it stresses its readiness to enter into negotiations with Iran if Iran suspends its enrichment and heavy water-related activities. Second, lacking an Iranian suspension, the international community will increase pressure on Iran through sanctions. We recognize sanctions are an imperfect tool but it is imperative Iran recognize that non-compliance produces consequences and that continued violation of its obligations will increase Iran's international isolation.

¶15. (C) Macedo stressed Mexican concern about Iran's nuclear program. At the same time, he maintained Mexico was still looking for a "smoking gun" from the IAEA that proves that Iran is pursuing nuclear weapons in violation of its international obligations. While Mexico enjoyed "good" relations with Iran, he conceded it was difficult to "reach" them on the international community's concerns in relation to its nuclear program. Nevertheless, Macedo said that Mexico was willing to approach Iran and was willing to demarche Iran if the U.S. "needed" them to. Retired Ambassador Luis Ortiz worried that harsh words only strengthened Iranian hardliners. Macedo remarked that Mexico was not convinced UNSC resolutions helped advance a solution and indicated that Mexico preferred to address this question within the IAEA and via the diplomatic route, although if a final determination was made by the IAEA Secretariat that "bad things are going on" in Iran, Mexico will take the necessary steps. As the 2010 IAEA review conference approached, Macedo anticipated Iran would be on the "hot seat" and stressed the importance Mexico attached to consultations to ensure we were on the same page.

CISEN Stresses Commitment to Anti-Terror Fight

¶16. (SBU) Jesus Mao, CISEN's Director of the National Authority, an interagency entity created last year to coordinate the GoM's efforts to counter terrorism and comply with related international obligations, conveyed some frustration with the lack of appreciation other agencies had for the terror threat facing Mexico. CISEN works closely with the U.S. in identifying this threat and preparing for it but other Mexican agencies are not nearly as exercised. He appreciates the training opportunities availed by the USG and is open to assistance from the IAEA. He praised past assistance received through a contact at the State Department's ISN Bureau and hoped cooperation with the office's new representative would develop similarly.

¶17. (SBU) Comment. Mexico shares our commitment to the IAEA and our concern as relates to Iran. While it does not always agree with us on how best to tackle our concerns discussing these issues frankly in the form of regular consultations helps establish the kind of rapport we need to form consensus on next steps. Mexican officials genuinely appreciated the opportunity Schulte's visit availed to engage in these kinds of conversations. As Mexico presses ahead with its bid to become a member of the UNSC, it will benefit from our helping it stay well informed of concerns as relate to Iran's activities and the need for international community to respond in agreement.

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